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Transcript Exhibit(s)

Docket #(s): T-20741A-15-0136

AZ CORP COMMISSION
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Arizona Corporation Commission

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Exhibit #: A-1, A-2, A-3, S-1, S-2

NEW APPLICATION



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EXHIBIT

A-1

ADMITTED

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, CHAIRMAN
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

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AZ CORP COMMISSION
DOCKET CONTROL

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IN THE MATTER OF THE APPLICATION OF
MIDVALE TELEPHONE COMPANY, INC. FOR
AN EXTENSION TO ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY TO AN
ADDITIONAL SERVICE AREA IN YAVAPAI
COUNTY, ARIZONA

DOCKET NO. T-20741A-15-0136

APPLICATION

ORIGINAL

Midvale Telephone Company, Inc. ("Midvale") requests that the Commission approve an extension of Midvale's Certificate of Convenience and Necessity ("CC&N") to serve an additional area in Yavapai County. The extension area is owned by Waste Management of Arizona, who has requested service from Midvale. Midvale is the carrier best suited to serve the Waste Management facility, and Midvale has a proven track record in serving rural Arizona communities. Accordingly, Midvale requests that the Commission approve this CC&N extension. This Application is made under A.R.S. §§ 40-281, 40-282, and A.A.C. R14-2-502.

I. Midvale is an proven and experienced carrier serving rural Arizona.

Midvale specializes in serving rural communities. Midvale provides telecommunications services to approximately 1,260 customers in Arizona, serving the Arizona communities of Millsite, Young, Granite Mountain, Silverbell and Cascabel. Midvale's parent company Midvale Telephone Exchange, Inc. d/b/a MTE Communications ("MTE") serves 1,310 customers in six rural communities in Idaho. Midvale holds a CC&N from the Commission to provide local exchange and toll access services to specified parts of Arizona under Decision Nos. 58048 (October 29, 1992), 58763 (Sept. 1, 1994), 61095 (August 26, 1998), 66510 (Nov. 10, 2003), 67746 (April 11, 2005), 70743 (Feb. 6, 2009), 72728 (Jan. 6, 2012) and 74487 (May 23, 2014).

Midvale is an Idaho corporation duly authorized to transact business in Arizona. A copy

1 of Midvale's Arizona certificate of good standing is attached as Exhibit 1. Midvale's officers and
2 directors are shown on Exhibit 2. The issued and outstanding shares of Midvale are owned by
3 MTE, which in turn is owned by MTE's employees through an Employee Stock Ownership Plan
4 (ESOP). Midvale's contact information is:

5
6 MTE Communications
2205 Keithley Creek Rd
7 PO Box 7
Midvale, ID 83645

8
9 Toll Free: 800-462-4523
Local: 208-355-2211

10 Tech Support

11
12 Toll Free: 800-504-8887
Local: 208-414-8372

13 Email: info@mtecom.net
14 Web: <http://www.mtecom.net/index.php>

15 Midvale's management contact for this Application is:

16 Dennis Farrington
17 Chief Operating Officer
MTE Communications
18 8800 E Long Mesa Drive
Prescott Valley, AZ 86314
19 208-355-2211
20 dennis.farrington@mtecom.com

21 Midvale's attorneys are:

22
23 Timothy J. Sabo
SNELL & WILMER, L.L.P.
24 400 East Van Buren Street, Suite 1900
Phoenix Arizona 85004-2202
25 602.382.6000 (office)
26 602.382.6347 (direct)
27 602.382.6070 (fax)
tsabo@swlaw.com

28 Communications regarding this Application, including data requests, should be directed to Mr.

1 Farrington and Mr. Sabo at the addresses listed above.

2 Midvale has the technical and managerial capabilities to provide the requested service, as
3 shown by its history of providing high-quality telecommunications services to rural Arizona.
4 Indeed, MTE's experience in providing rural telephone service stretches back to 1909, and
5 MTE's employees have decades of experience providing telephone service. Midvale's financial
6 capability to provide the service is shown by its financial statements for the last two years, which
7 are attached as Exhibit 3.

8 **II. Proposed extension area.**

9 The legal description of the proposed extension area is shown in Exhibit 4. The only
10 private land in the extension area is owned by Waste Management of Arizona. A request for
11 service letter from Waste Management is attached as Exhibit 5. The remaining land is Forest
12 Service land that is included solely so that the extension area includes full sections, in keeping
13 with Midvale's current CC&N territory. A map of the extension area is attached as Exhibit 6.

14 Service to the Waste Management site will be extended by a fiber optic cable, with service
15 provided from Midvale's existing Millsite exchange. A map showing the route of the fiber optic
16 cable is included as Exhibit 7. The cable will be laid in a joint trench with a power cable from
17 Arizona Public Service. Waste Management is paying the cost of the joint trench, while Midvale
18 will pay for the fiber optic cable.

19 **III. Information required by rule.**

20 The information required by Commission rule for an ILEC CC&N application is set forth
21 below.

22 **R14-2-502. Certificate of Convenience and Necessity for telephone**
23 **utilities/extensions; abandonments**

24 *A. The proper name and correct address of the proposed utility company and its*
25 *owner if a sole proprietorship, each partner if a partnership, or the President and Secretary if a*
26 *corporation.*

27 Midvale Telephone Company, Inc. 2205 Keithley Creek Rd, PO Box 7, Midvale, ID
28 83645. See Exhibit 2 for Midvale's officers.

1 B. *A copy of the Articles of Partnership or Articles of Incorporation for the applicant*
2 *and/or Bylaws if the utility is a non-profit organization, or association.*

3 See Exhibit 8.

4 C. *The rates proposed to be charged for the service that will be rendered.*

5 Rates and charges will be provided under Midvale's current Arizona tariff, a copy of
6 which is on file with the Commission.

7 D. *A financial statement setting forth the financial condition of the applicant.*

8 See Exhibit 3.

9 E. *Maps of the proposed service area and/or a description of the area proposed to be*
10 *served.*

11 See Exhibits 4, 6 and 7.

12 F. *Appropriate city, county and/or state agency approvals, where appropriate.*

13 The extension area is not within a City. Midvale maintains all required County and State
14 permits and approvals. A copy of Midvale's Yavapai County franchise is attached as Exhibit 9.

15 G. *The actual number of customers within the service area as of the time of filing and*
16 *the estimated number of customers to be served for each of the first five years of operation.*

17 There are no current customers within the extension area. There is one prospective
18 business customer, Waste Management of Arizona. Midvale anticipates that Waste Management
19 of Arizona will be the only customer in the extension area. Thus, the projected number of
20 customers in the extension area for each of the first five years is one.

21 H. *Such other information as the Commission by order or the staff of the Utilities*
22 *Division by written directive may request.*

23 Not applicable.

24 **IV. Additional technical information.**

25 1. Midvale's customers will be able to access alternative toll service providers or
26 resellers by 1+101-XXXX access. Midvale certifies that it does not block access to alternative
27 telecommunications providers by its customers via 1+101-XXXX dialing.
28

- 1 2. Midvale provides its customers with 911 and E-911 service.
- 2 3. Midvale's switch is fully equal access capable and Midvale provides equal access
- 3 to facilities-based long-distance companies.
- 4 4. As a designated Eligible Telecommunications Provider, Midvale provides the
- 5 following services as required by 47 C.F.R. § 54.101(a):
- 6 a. Voice grade access to the public switched network.
- 7 b. Local usage.
- 8 c. Dual tone, multi-frequency signaling or its functional equivalent.
- 9 d. Single party service or its functional equivalent.
- 10 e. Access to emergency services.
- 11 f. Access to operator services.
- 12 g. Access to interexchange service.
- 13 h. Access to directory service.
- 14 i. Toll limitation for qualifying low-income consumers.

15 **V. Conclusion.**

16 Waste Management has requested that Midvale serve the Waste Management property,

17 and Midvale is well-qualified and experienced in serving such rural areas. Midvale requests that

18 the Commission issue a procedural order setting forth the required public notice and scheduling a

19 prompt hearing on this Application, and that following the hearing and upon consideration at a

20 duly-noticed open meeting of all of the evidence and the Administrative Law Judge's

21 Recommended Opinion and Order, that the Commission issue an order extended Midvale's

22 CC&N to the extension area described in Exhibit 4.

23

24

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1
2 RESPECTFULLY SUBMITTED this 24th day of April, 2015.

3
4 SNELL & WILMER L.L.P.

5
6 By 

7 Timothy J. Sabo
8 One Arizona Center
9 400 East Van Buren Street
10 Phoenix, Arizona 85004

11 Attorney for Midvale Telephone Company

12 Original and thirteen copies of the foregoing
13 filed this 24th day of April, 2015, with:

14 Docket Control
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 Copy of the foregoing hand-delivered/mailed
19 this 24th day of April, 2015, to:

20 Lyn A. Farmer, Chief Administrative Law Judge
21 Hearing Division
22 Arizona Corporation Commission
23 1200 West Washington
24 Phoenix, Arizona 85007

25 Janice M. Alward, Chief Counsel
26 Legal Division
27 Arizona Corporation Commission
28 1200 West Washington Street
Phoenix, Arizona 85007

Steve Olea, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

By 

21333542

Midvale Telephone Company, Inc.
Application to Extend CC&N

List of Exhibits

<u>Exhibit No.</u>	<u>Description</u>
1	Certificate of Good Standing
2.	List of Officers and Directors
3.	2013 and 2014 Financial Statements of Midvale
4.	Legal Description of the Proposed Extension Area
5.	Request for Service Letter – Waste Management of Arizona
6.	Map of the Proposed Extension Area
7.	Map of fiber optic route
8.	Copy of Midvale's Articles of Incorporation
9.	Midvale's Yavapai County Franchise

**Midvale Telephone Company, Inc.
Application to Extend CC&N**

EXHIBIT 1

CERTIFICATE OF GOOD STANDING

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Jodi A. Jerich, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****MIDVALE TELEPHONE COMPANY*****

a foreign corporation organized under the laws of Id did obtain authority to transact business in the State of Arizona on the 19th day of November 2009.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 23rd day of April, 2015, A. D.



Jodi A. Jerich
Jodi A. Jerich, Executive Director

By: _____ 1221916

**Midvale Telephone Company, Inc.
Application to Extend CC&N**

EXHIBIT 2

LIST OF OFFICERS AND DIRECTORS

Board of Directors

Bruce Goslovich
President
2205 Keithley Creek Road
Midvale, ID 83645

Linda Klind,
Secretary and Treasurer
2205 Keithley Creek Road
Midvale, ID 83645

Lane Williams
2205 Keithley Creek Road
Midvale, ID 83645

Gary Horton
2205 Keithley Creek Road
Midvale, ID 83645

Emma Gross
2205 Keithley Creek Road
Midvale, ID 83645

Officers

John Stuart
Chief Executive Officer
2205 Keithley Creek Road
Midvale, ID 83645

Nick Rynearson
Chief Financial Officer
2205 Keithley Creek Road
Midvale, ID 83645

Dennis Farrington
Chief Operating Officer

Midvale Telephone Company, Inc.
Application to Extend CC&N

8800 E Long Mesa Drive
Prescott Valley, AZ 86314

**Midvale Telephone Company, Inc.
Application to Extend CC&N**

**EXHIBIT 3
ANNUAL FINANCIAL STATEMENTS
FOR 2013 AND 2014**



MIDVALE TELEPHONE COMPANY

Financial Statements

Years Ended December 31, 2014 and 2013



AKT

| CPAs AND BUSINESS CONSULTANTS |

MIDVALE TELEPHONE COMPANY
Financial Statements
Years Ended December 31, 2014 and 2013

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**AKT**

CPAS AND BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Midvale Telephone Company
Midvale, Idaho

We have audited the accompanying financial statements of Midvale Telephone Company (an S corporation) (the Company), which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Syringa Networks, LLC, the investment in which as discussed in note 2 to the financial statements, is accounted for by the equity method of accounting. The Company's investment in Syringa Networks, LLC was \$2,452,375 and \$2,322,087 as of December 31, 2014 and 2013, respectively, and the equity in its net income was \$226,646 and \$370,447, respectively, for the years then ended. The financial statements of Syringa Networks, LLC were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Syringa Networks, LLC, is based solely on the report of other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Midvale Telephone Company as of December 31, 2014 and 2013, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

680 HAWTHORNE AVENUE SE. #140. SALEM, OR 97301

PHONE: 503.585.7774 FAX: 503.364.8405

PORTLAND, OR | SALEM, OR | CARLSBAD, CA | ESCONDIDO, CA | SAN DIEGO, CA | ANCHORAGE, AK

AKT LLP

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 13, 2015, on our consideration of Midvale Telephone Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

AKT LLP

Salem, Oregon
April 13, 2015

MIDVALE TELEPHONE COMPANY**Balance Sheets**

December 31, 2014 and 2013

ASSETS	2014	2013
Current Assets:		
Cash and cash equivalents	\$ 1,447,369	\$ 439,455
Accounts receivable, less allowance for doubtful accounts of zero in 2014 and 2013	1,090,086	1,198,865
Materials and supplies	360,947	487,478
Prepaid expenses	204,190	114,217
Total Current Assets	<u>3,102,592</u>	<u>2,240,015</u>
Noncurrent Assets:		
Investments and Other Assets	2,602,343	2,468,166
Related party note receivable	491,000	-
Total Noncurrent Assets	<u>3,093,343</u>	<u>2,468,166</u>
Property, Plant, and Equipment:		
Telecommunications	38,779,537	38,648,451
Nonregulated	2,519,322	2,362,887
	41,298,859	41,011,338
Less accumulated depreciation	<u>23,824,191</u>	<u>22,105,025</u>
Property, Plant, and Equipment, net	<u>17,474,668</u>	<u>18,906,313</u>
	<u>\$ 23,670,603</u>	<u>\$ 23,614,494</u>

See accompanying notes to financial statements

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2014</u>	<u>2013</u>
Current Liabilities:		
Current portion of long-term debt	\$ 999,457	\$ 1,423,433
Accounts payable	433,144	481,160
Advance billing and customer deposits	137,081	131,088
Accrued expenses	<u>1,095,472</u>	<u>788,570</u>
Total Current Liabilities	<u>2,665,154</u>	<u>2,824,251</u>
Long-Term Debt	<u>9,941,799</u>	<u>10,509,676</u>
Stockholder's Equity:		
Common stock, no par value, 10,000 shares authorized, 1,000 issued and outstanding	32,910	32,910
Retained earnings	<u>11,030,740</u>	<u>10,247,657</u>
Total Stockholder's Equity	<u>11,063,650</u>	<u>10,280,567</u>
	<u>\$ 23,670,603</u>	<u>\$ 23,614,494</u>

MIDVALE TELEPHONE COMPANY**Statements of Operations**

Years Ended December 31, 2014 and 2013

	2014	2013
Operating Revenues:		
Local network	\$ 720,931	\$ 726,420
Network access	9,318,014	9,299,676
Nonregulated	1,076,180	1,064,451
Miscellaneous	263,296	263,985
Total Operating Revenues	11,378,421	11,354,532
Operating Expenses:		
Plant specific operations	4,603,258	4,710,912
Plant nonspecific operations	237,168	244,671
Customer	237,006	256,172
Corporate	1,283,489	1,298,263
Depreciation and amortization	2,286,074	2,232,503
Other operating taxes	270,555	280,110
Nonregulated	1,437,176	1,310,137
Total Operating Expenses	10,354,726	10,332,768
Operating Income	1,023,695	1,021,764
Other Income (Expense):		
Other income	288,335	319,847
Income from affiliate	226,646	364,421
Interest expense	(555,593)	(634,100)
Total Other Income (Expense)	(40,612)	50,168
Net Income Before Income Tax	983,083	1,071,932
Income Tax Benefit	-	3,009,279
Net Income	\$ 983,083	\$ 4,081,211

See accompanying notes to financial statements

MIDVALE TELEPHONE COMPANY**Statements of Changes in Stockholder's Equity**

Years Ended December 31, 2014 and 2013

	<u>Capital Stock</u>		<u>Retained Earnings</u>	<u>Total</u>
	<u>Shares Issued</u>	<u>Amount</u>		
Balance, December 31, 2012	1,000	\$ 32,910	\$ 6,166,446	\$ 6,199,356
Net income	-	-	4,081,211	4,081,211
Balance, December 31, 2013	1,000	32,910	10,247,657	10,280,567
Net income	-	-	983,083	983,083
Dividends paid	-	-	(200,000)	(200,000)
Balance, December 31, 2014	<u>1,000</u>	<u>\$ 32,910</u>	<u>\$ 11,030,740</u>	<u>\$ 11,063,650</u>

See accompanying notes to financial statements

MIDVALE TELEPHONE COMPANY

Statements of Cash Flows

Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities:		
Net income	\$ 983,083	\$ 4,081,211
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,286,074	2,232,503
Depreciation, nonregulated	219,336	202,439
Deferred income taxes	-	(3,017,542)
Income from affiliate	(228,869)	(364,421)
Cash surrender value of life insurance	(3,889)	(3,888)
Changes in assets and liabilities:		
Accounts receivable	108,779	(69,705)
Related party note receivable	(491,000)	-
Materials and supplies	126,531	(115,548)
Prepaid expenses	(89,973)	(51,579)
Accounts payable	(336,299)	5,967
Advance billing and customer deposits	5,993	276
Accrued expenses	306,902	135,297
Net Cash Provided by Operating Activities	2,886,668	3,035,010
Cash Flows from Investing Activities:		
Capital expenditures	(1,641,168)	(2,720,505)
Dividends from investments	98,581	46,027
Proceeds from investments	-	2,435
Net Cash Used by Investing Activities	(1,542,587)	(2,672,043)
Cash Flows from Financing Activities:		
Proceeds from long-term debt	409,488	745,720
Payments on long-term debt	(1,401,341)	(1,559,803)
Proceeds from ARRA BIP grant	855,686	746,642
Payment on line of credit	-	(338,097)
Payments on capital lease	-	(10,421)
Dividends paid	(200,000)	-
Net Cash Used by Financing Activities	(336,167)	(415,959)
Net Increase (Decrease) in Cash and Cash Equivalents	1,007,914	(52,992)
Cash and Cash Equivalents, beginning	439,455	492,447
Cash and Cash Equivalents, ending	\$ 1,447,369	\$ 439,455
Cash Paid During the Year for Interest, net of amount capitalized	\$ 555,593	\$ 685,203
Non-cash Property, Plant, and Equipment Additions	\$ 288,283	\$ 121,908

See accompanying notes to financial statements

MIDVALE TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Midvale Telephone Exchange, Inc. (the Parent Company) began operations in 1908 as a partnership, and incorporated in Idaho in 1959. In 2012, a new entity, Midvale Telephone Company (an S corporation) (the Company) was formed and all assets and liabilities from the Parent Company were transferred to the Company, which became a wholly owned subsidiary of a re-organized holding company, operating as Midvale Telephone Exchange, Inc. The Company provides telephone, broadband, circuits, cable TV, and other related service to its customers in Idaho, Arizona, Oregon, and Washington.

Basis of Accounting

The Company's financial statements are prepared on the accrual basis of accounting in conformity with the accounting principles generally accepted in the United States of America applicable to regulated enterprises.

Regulation

The Company is subject to limited regulation by the Idaho Public Utilities Commission (IPUC), the utilities division of the Arizona Corporation Commission (ACC), and the Federal Communications Commission (FCC). The Company maintains its accounting records in accordance with the Uniform System of Accounts, as prescribed by the FCC, and adopted by the IPUC and ACC. As a result, the application of accounting principles generally accepted in the United States of America by the Company differs in certain respects from the application by non-regulated entities. Such differences primarily concern the time at which certain items enter into the determination of net income.

Regulatory and legislative actions, as well as future regulations, could have a significant impact on the Company's future operations and financial condition. See Note 1, National Broadband Plan and FCC Order.

Revenue Recognition

The Company recognizes revenues from telecommunications services when earned regardless of the period in which they are billed. Monthly service fees derived from local telephone, internet services and cable TV are billed in advance. Access charges (see Note 1, Network Access Revenue), long distance and other revenues based on usage are billed in arrears.

Cash and Cash Equivalents

The Company considers cash investments with an original maturity of 3 months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per account holder per bank. The Company had \$1,061,747 and \$522,193 of uninsured cash for the years ended December 31, 2014 and 2013, respectively.

The Company has not experienced any losses in its bank deposit accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect on outstanding balances. Receivables from subscribers and other exchange carriers are due 30 days after issuance of the related bill. Receivables past due more than 90 days are considered delinquent. Credit risk associated with receivables is periodically reviewed by management and, if required, an allowance for doubtful accounts is established. No allowance for doubtful accounts was recorded at December 31, 2014 and 2013.

Materials and Supplies

Materials and supplies are stated at the lower of cost or market. Cost is determined using the average cost method and market represents the lower of replacement cost or estimated net realizable value.

MIDVALE TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Investments

The Company accounts for its investment in Syringa Networks, LLC (Syringa), a limited liability company, by the equity method of accounting under which the Company's share of the net income or loss of Syringa is recognized as income or loss in the Company's statement of operations and added to or subtracted from the respective investment account. In addition, the equity method of accounting recognizes dividends, or returns of capital as reductions in the investment balance.

Investments not accounted for by the equity method consist primarily of interests in lending cooperatives, and are recorded at cost, as the investments do not have readily determinable fair values.

Fair Value of Financial Instruments

The Company's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, receivables, accounts payable, and mortgage and notes payable. The Company estimates that the fair value of all of these non-derivative financial instruments at December 31, 2014 and 2013 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying balance sheets.

Property, Plant, and Equipment

Property, plant and equipment in service and under construction are stated at cost, including direct labor, materials, freight, and indirect overhead costs. Maintenance and repairs are charged to operating expenses as incurred. The cost of additions and substantial betterments of property, plant and equipment is capitalized. Depreciation is calculated on a straight-line basis over the estimated life of the classes of property and equipment in accordance with rates consistent with industry standards and range from 2.6% to 25%. Costs of plant retired are eliminated from telecommunications plant accounts and such costs plus removal expenses, less salvage are charged to accumulated depreciation consistent with industry practice.

Nonregulated property and equipment in service is stated at cost. Depreciation is calculated on a straight-line basis over the estimated life of the class of equipment. Asset lives range from 2 to 33 years. Maintenance, repairs and replacements are charged to expense as incurred. When property and equipment is sold or otherwise disposed of, the asset account and the related accumulated depreciation accounts are relieved and any gain or loss is included in operations.

The Company follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. In 2014, total interest incurred was \$555,593 (\$634,100 in 2013), of which none was capitalized in December 31, 2014 and 2013.

Non-regulated Services

Non-regulated activities involving the joint use of regulated assets are accounted for within the prescribed regulated system of accounts for telephone company operations and are allocated to nonregulated accounts in accordance with the Company's Part 64 Allocation Manual. These activities are related to the provision of non-regulated local network, long distance, internet, and cable television services to subscribers.

Network Access Revenues

Network access revenue is received under a system of access charges. Access charges represent a methodology by which local telephone companies, including the Company, charge the long-distance carrier for access and interconnection to local facilities. The Company has elected to file access tariffs through the National Exchange Carriers Association (NECA) and directly with the IPUC and ACC for these charges. These access tariffs are subject to approval by the FCC for interstate charges and the IPUC and ACC for intrastate charges.

When network access revenues have been received pursuant to the settlement and access agreements above, they are then either placed into a common pooling arrangement with other exchange carriers for redistribution or kept by the Company. The redistributions are made according to formulas established by the governing boards of the pools and are generally based upon expenses incurred and investments maintained. The Company participates in pooling arrangements with NECA.

MIDVALE TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Network Access Revenues, continued

Settlement, access, and pool distribution revenues are recorded when the amounts become determinable. Related expenses are recorded when incurred. Subsequent true-ups and retroactive adjustments, which are generally allowed for a period of 24 months (NECA pool only) after the close of the related calendar year, are recorded in the year in which such adjustments become determinable, based upon studies prepared by outside consultants.

In addition to recoveries from the pools, the Company also receives revenues from the Universal Service High Cost Loop Fund (HCL) and other support mechanisms administered by the Universal Service Administrative Company (USAC). These universal service support revenues are intended to compensate the Company for the high cost of providing service in rural areas. The amount of support received from HCL is based on the number of customers served and the cost of providing service in that area being in excess of the national average cost per loop, as determined by the FCC. The Company also receives funding from state universal service funds. These support revenues are included in the network access revenues in the accompanying financial statements.

In 2014, the Company received \$3,228,608 (\$3,372,891 in 2013) from the USAC High Cost Loop Fund and \$5,523,573 (\$5,289,505 in 2013) in interstate access revenues administered through the NECA Pool. In 2014, the Company received \$350,785 from the Idaho Universal Service Fund (\$350,785 in 2013).

National Broadband Plan and FCC Order

In 2010 the FCC issued the National Broadband Plan which outlined a long-term plan to increase broadband penetrations and services throughout the United States of America. The plan further outlined a proposed long-term phase-out of access charges (referred to as Inter-carrier Compensation) and moved to support mechanisms based on broadband services rather than the current Universal Service High Cost Loop Fund administered by USAC.

In response to the plan, the FCC on October 27, 2011, approved Report and Order 11-161 (the Order), that begins the process of reforming the universal service and inter-carrier compensation (ICC) systems and adopts support for broadband-capable networks as an express universal service principle. The Order further creates the Connect America Fund which will ultimately replace all existing high-cost support mechanisms as well as help facilitate ICC reforms.

The key provisions of the order include:

- Capping the federal universal service fund at current levels
- Placing limitations on capital and operating spending
- Establishing local rate benchmarks
- Capping the per-line support amount for the universal service high cost loop fund at \$250 per month.
- Phase out of local switching support and the establishment of the CAF for recovery of investment and expenses related to the provision of switching services
- Reforming the ICC system by adopting a plan to transition from access charges to a bill and keep framework. The transition period for rate-of-return carriers such as the Company is approximately 9 years from the date of the order.
- Adoption of a monthly Access Recovery Charge as a transitional recovery mechanism to mitigate the impact of reduced inter-carrier revenues

The Order was effective December 29, 2011 and implementation began July 1, 2012. As of the implementation date CAF recovery is calculated based on the frozen fiscal year 2011 interstate switched access revenue requirement, plus certain 2011 intrastate access revenues, and will decline annually by 5% during the transition period.

MIDVALE TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 1 - Organization and Summary of Significant Accounting Policies, continued

National Broadband Plan and FCC Order, continued

As of December 31, 2014 the Company is transitioning its local rates and meets the current local rate benchmark requirement. The Company is not subject to the \$250 per line support cap. Furthermore, for the period ended December 31, 2014 the impacts to the Company related to the 5% annual decline in switched access revenues have not been significant.

The overall reform process is being implemented in phases over the next several years. Furthermore the Order includes a Further Notice of Proposed Rulemaking. The FCC has issued numerous Orders for Reconsideration and continues to seek comments on various items. As a result, the ultimate outcome of these proceedings and their impact is uncertain at this time.

Estimates

The Company uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. These estimates involve judgments with respect to numerous factors that are beyond management's control. Actual results could differ from those estimates.

Income Taxes

As of January 1, 2013 the Company has elected to be taxed as an S corporation. Earnings and losses after that date are included in the income tax returns of the stockholders.

The Company follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Company recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provisions, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions. The Company filed income tax returns in the United States, state and local jurisdictions. With few exceptions, the Company is no longer subject to U.S. Federal, state or local tax examination by tax authorities for years before 2011.

Subsequent Events

The Company has evaluated subsequent events through April 13, 2015, which is the date the financial statements were available to be issued.

Note 2 - Investments and Other Assets

Investments consist of the following at December 31:

	2014	2013
Cash surrender value of life insurance policies	\$ 60,825	\$ 56,936
Rural Telephone Finance Cooperative	86,143	86,143
NECA Services	3,000	3,000
Syringa Networks, LLC	2,452,375	2,322,087
	<u>\$ 2,602,343</u>	<u>\$ 2,468,166</u>

Shares of RTFC subordinated certificates are purchased as a condition of obtaining long-term financing from the RTFC. Holders of subordinated certificates are entitled to patronage dividends. Patronage dividends are paid annually in cash and in stock at the discretion of the board of directors of RTFC.

The Company owns a 6.35% interest in Syringa Networks, LLC. This investment is accounted for using the equity method as described in the investment section of Note 1. Generally, the equity method of accounting is only used when ownership exceeds 20%. However, based on the Company's history, Syringa board influence, and volume of transactions with Syringa, the Company has elected to account for the investment on the equity method.

MIDVALE TELEPHONE COMPANY
Notes to Financial Statements
Years Ended December 31, 2014 and 2013

Note 2 - Investments and Other Assets, continued

The Company recorded income at December 31, 2014 of \$226,646 related to this investment (\$370,447 at December 31, 2013). The Company recorded a \$2,223 adjustment in 2014 (\$6,026 for 2013) for the true-up of prior year investment balances.

Following is a summary of financial position and results of operations of Syringa Networks, LLC as of and for the years ended December 31:

	Audited	
	2014	2013
Current assets	\$ 5,201,635	\$ 11,459,408
Long-term assets	78,815,786	70,813,024
	<u>\$ 84,017,421</u>	<u>\$ 82,272,432</u>
Liabilities	\$ 45,397,344	\$ 45,704,131
Equity	38,620,077	36,568,301
	<u>\$ 84,017,421</u>	<u>\$ 82,272,432</u>
Revenues	\$ 32,045,034	\$ 33,307,000
Expenses	28,475,805	27,473,190
Net Income	<u>\$ 3,569,229</u>	<u>\$ 5,833,810</u>

Note 3 - Property, Plant, and Equipment

Listed below are the major classes of property, plant, and equipment at December 31:

	2014	2013
Regulated		
Land and support	\$ 3,204,708	\$ 3,017,571
Central office	11,204,959	11,359,537
Cable and wire facilities	21,923,149	22,223,024
Property held for future use	121,533	145,295
Construction in process	2,325,188	1,903,024
Total regulated plant	<u>\$ 38,779,537</u>	<u>\$ 38,648,451</u>
Nonregulated		
Land and support	\$ 190,455	\$ 190,455
Voicemail equipment	129,477	129,477
TV and internet	233,778	195,843
Fiber transport	693,157	639,716
Central office	720,589	689,136
Cable and wire	542,717	518,260
Construction in process	9,149	-
Total nonregulated plant	<u>\$ 2,519,322</u>	<u>\$ 2,362,887</u>
Total Property, Plant, and Equipment	<u>\$ 41,298,859</u>	<u>\$ 41,011,338</u>

MIDVALE TELEPHONE COMPANY**Notes to Financial Statements**

Years Ended December 31, 2014 and 2013

Note 4 - Line of Credit

At December 31, 2014 and 2013 the Company has a \$500,000 operating line of credit with Wells Fargo Bank with an interest rate of the greater of Prime rate plus 0.50% or the floor rate of 3.75% that matures January 1, 2016. There was no outstanding balance on the line of credit at December 31, 2014 and 2013.

Note 5 - Long-Term Debt

Long-term debt consists of the following at December 31:

	2014	2013
Notes payable to Rural Utilities Service (RUS), at 2% - 5% interest, payable in monthly and quarterly installments ranging from \$1,458 to \$55,339, including interest, collateralized by all real and personal property, maturing from 2014 to 2027.	\$ 9,716,756	\$ 11,047,071
Notes payable to RUS for ARRA Broadband Initiatives Program, at 2.4% - 3.6% interest, payable in monthly and quarterly installments ranging from \$26 to \$716, including interest, collateralized by all real and personal property, maturing from 2033 to 2035.	979,792	613,312
Note payable to Title Financial Specialty Services, at 5%, payable in monthly installments of \$2,469, including interest, collateralized by real property, subordinate to RUS, and maturing in 2022.	187,863	209,354
Note payable to AmeriTitle, at 5%, payable in monthly installments of \$795, including interest, collateralized by real property, subordinate to RUS, maturing in 2021.	56,845	63,372
	10,941,256	11,933,109
Less current portion	(999,457)	(1,423,433)
	\$ 9,941,799	\$ 10,509,676

Future maturities of long-term debt are as follows:

2015	\$ 999,457
2016	1,011,058
2017	742,052
2018	750,084
2019	787,573
Thereafter	6,651,032
	\$ 10,941,256

The terms of the debt agreements contain restrictions on the declarations or payment of cash dividends, redemption of capital stock, and the maintenance of a minimum times interest earned ratio. Management of the Company believes they are in compliance with these covenants as of December 31, 2014.

At December 31, 2014, the Company had unadvanced authorized loan funds of \$1,305,145 on RUS loans (\$1,702,438 in 2013).

MIDVALE TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 6 - Capital Leases

At December 31, 2013 the Company paid in full capital leases for computer equipment that were entered into in 2010. The assets were reflected as plant in service at a value of \$71,323, with equal accumulated amortization, at December 31, 2013. There was no amortization charged to depreciation expense under capital leases at December 31, 2014 (\$13,874 at December 31, 2013).

Note 7 - Operating Leases

The Company has operating leases for equipment and other property. Payments for these services were \$355,854 and \$392,895 for the years ended December 31, 2014 and 2013, respectively.

Future minimum lease payments on all noncancellable operating leases with terms in excess of one year at December 31, 2014, are as follows:

2015	\$	97,629
2016		84,429
2017		84,429
2018		84,429
2019		84,429

Note 8 - Income Taxes

Income tax benefit (expense) consists of the following components at December 31:

	2014	2013
Current		
State	\$ -	\$ -
Underaccrual of prior year	-	(8,264)
Deferred		
Federal	-	2,397,938
State	-	619,605
	<u>\$ -</u>	<u>\$ 3,009,279</u>

As discussed in Note 1, the Company elected S Corporation status effective January 1, 2013. Accordingly, there is no deferred tax liability at December 31, 2014 or 2013. The effect of the change in tax status was to reduce the 2012 deferred tax liability by approximately \$3,017,542, and recognize income in the form of a deferred tax benefit for the same amount in 2013.

Note 9 - Retirement Plans

The Company has established a 401(k) profit sharing plan (the Plan), covering substantially all employees. For eligible employees the Company matches employee contributions up to 3% of qualified employee compensation, but has the discretion of making additional contributions to the Plan. Company contributions for the years ended December 31, 2014 and 2013, were \$80,107 and \$90,465, respectively.

Note 10 - Employee Stock Ownership Plan

Effective December 31, 2008, the Company adopted the Midvale Telephone Exchange Employee Stock Ownership Plan (ESOP), which is a stock bonus plan under section 401(a) of the Internal Revenue Code (Code) and is also an employee stock ownership plan under section 497(e)(7) of the Code.

MIDVALE TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 10 - Employee Stock Ownership Plan, continued

The intent of the ESOP is to enable Company employees to acquire a proprietary interest in the capital stock of the Parent Company and for the Company to recognize and reward employees whose contributions have made its operations successful. Virtually all employees who have completed one year of service, have attained the age of 21, and have worked at least 1,000 hours in each year are eligible to participate in the ESOP. Employer contributions are discretionary and must comply with various sections of the Code.

Each participant has a "Company Stock Account" and "Other Investments Account" to which contributions, forfeitures, and Parent Company stock released for allocation will be allocated annually based on the participant's eligible compensation. Contributions are fully vested after six years of service. The Company made contributions to the ESOP of \$402,667 and \$579,000 for the years ended December 31, 2014 and 2013, respectively.

Note 11 - Related Party Transactions

The Company participated in various related party transactions that are explained below:

Syringa Networks, LLC - The Company has made significant capital expenditures to expand its fiber optic network and to allow connectivity into the Syringa network. Syringa is leasing fiber segments and electronic equipment back from the Company. The Company received lease payments from Syringa of \$174,236 in 2014 (\$183,532 in 2013), and had \$38,647 remaining receivable as of December 31, 2014 (\$29,878 as of December 31, 2013).

During 2014 and 2013, Syringa leased excess network capacity to various interexchange carriers. In 2013, this included the Idaho Optical Transport Association (IOTA), a membership corporation owned by the owners and partners of Syringa. During 2013, IOTA leased transport capacity from Syringa and sold access transport to IOTA member customers only. IOTA members leased transport capacity at rates identical to IOTA's cost from Syringa. On December 31, 2013, IOTA ceased operations and the transport leases have been renegotiated with Syringa. The Company had paid \$369,383 in 2013 to IOTA for access transport on the Syringa network.

The Company also utilizes the Syringa network access tandem to connect with interexchange carriers. For the years ended December 31, 2014 and 2013, the Company paid \$739,365 and \$675,690, respectively, to Syringa for tandem switching expense.

Due to the volume of equipment purchases Syringa makes, it is able to receive discounts on purchases that the Company would be unable to obtain on their own. Therefore, the Company makes certain purchases through Syringa. The Company purchased equipment through Syringa for \$65,147 during 2014 (\$103,332 in 2013).

Further, in 2014 the Company made contributions in aid of construction for equipment totaling \$54,500 to Syringa. In 2013 Syringa made contributions in aid of construction for equipment totaling \$55,000 to the Company.

A significant portion of the operating leases mentioned in Note 7 are with stockholders and other related parties. Of the total operating lease payments in 2014 and 2013, \$251,625 and \$296,264, respectively, were paid to related parties.

As of December 31, 2014 the Company has a receivable from the Parent Company for \$491,000 related to payments made to the former owner on its behalf.

The Company received accounting services from an entity owned and operated by a member of the board of directors of the Company. Services provided in 2014 and 2013, totaled \$20,380 and \$17,793, respectively. Of which none remained as payable at December 31, 2014 (\$3,695 in 2013).

MIDVALE TELEPHONE COMPANY

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 12 - Broadband Grant and Loan

The Company was awarded a Broadband Initiatives Program (BIP) grant under the 2010 American Recovery and Reinvestment Act totaling \$3,172,677. The grant was awarded for the construction of cable to provide advanced broadband connections to subscribers living in certain exchanges within the Company's service territory.

As of December 31, 2014, the Company had received \$ 2,250,146 of the grant proceeds (\$1,394,460 in 2013). As a regulated entity, the Company is required to record the proceeds received for construction related to the grant as a reduction in the cost of the assets. In addition to the grant proceeds, the agreement calls for additional debt from RUS at 30% of the projects costs (see Note 5).

All grant and loan funds must be expended by September 15, 2015. Funding is contingent upon meeting the terms of the grant and loan agreements.

Midvale Telephone Company, Inc.
Application to Extend CC&N

EXHIBIT 4

LEGAL DESCRIPTION

Sections 8 and 17, Township 13 North, Range 3 East, Gila & Salt River Base and Meridian,
Yavapai County, Arizona.

**Midvale Telephone Company, Inc.
Application to Extend CC&N**

EXHIBIT 5

REQUEST FOR SERVICE LETTER

Waste Management of Arizona



Waste Management of Arizona, Inc
Four Corners Market Area
222 S. Mill Avenue, Suite 333
Tempe, Arizona 85281

April 13, 2015

Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

**RE: Midvale Telephone Company, Inc.
Application for Extension of Certificate of Convenience and Necessity.**

To Whom It May Concern:

Waste Management of Arizona, Inc. (WMA) requests service from Midvale Telephone Company, Inc. (Midvale), and supports Midvale's application for an extension of its certificate of convenience and necessity to serve Sections 8 and 17 in Township 13 North Range 3 East, Yavapai County Arizona. WMA is the only private property owner within these sections surrounded by Prescott National Forest. We are preparing a project to bring buried power into our facility from Orm Road on Arizona State Highway 169. Midvale is the only communications provider that has expressed an interest in sharing the joint use trench to bring communication services to our location.

It is vital to our business to have a compliment of reliable POTS lines and internet access. Midvale will meet that requirement by bringing fiber to our facility that is located 7 miles from their nearest fiber on Highway 169.

Sincerely,
Waste Management of Arizona, Inc.

A handwritten signature in black ink, appearing to read "J. Walko", is written over the signature line.

Jessica Walko, P.E.
Engineer II, Four Corners Market Area

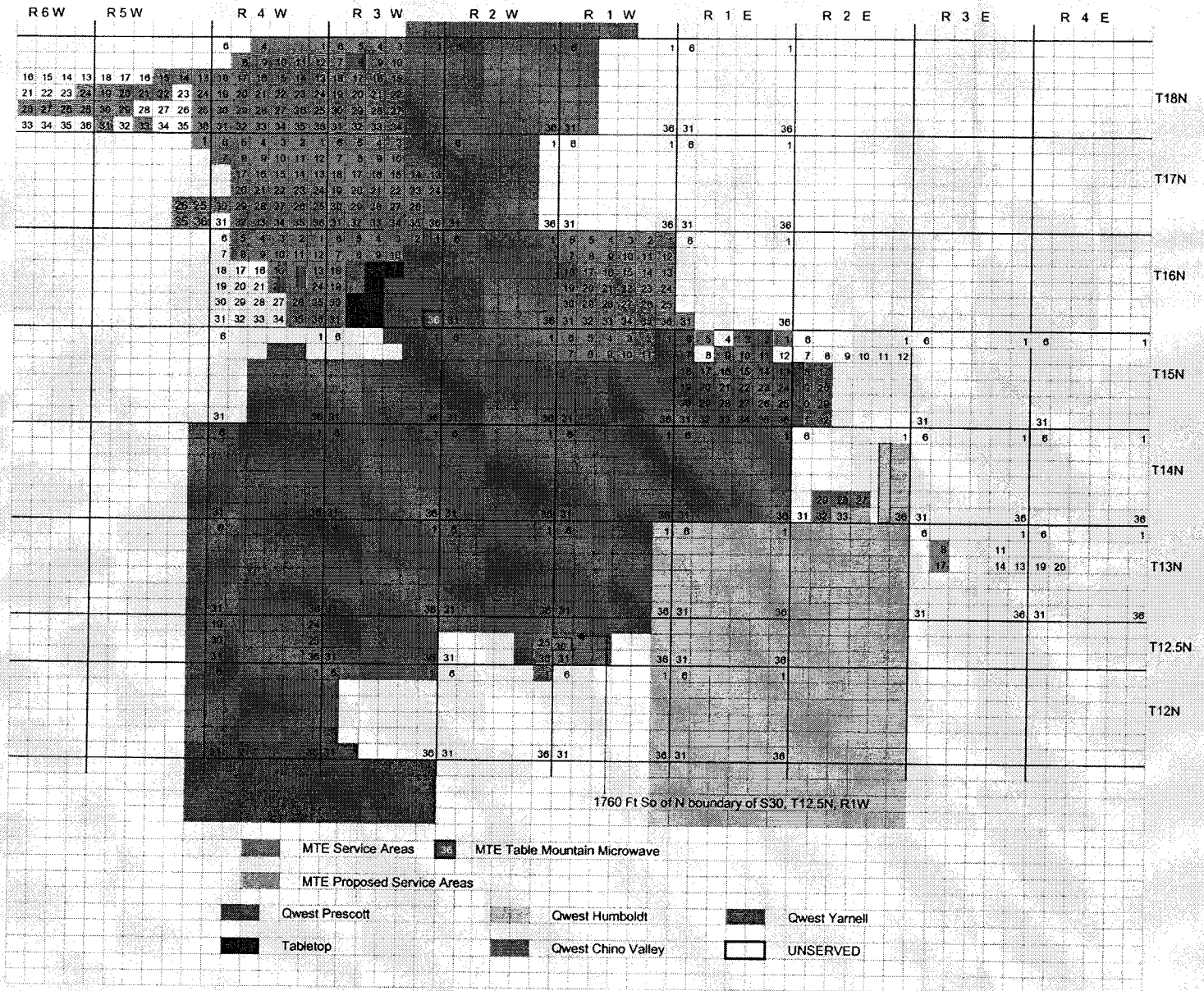
cc: Gray Wolf Landfill Facility File
Rodney Walter, WMA Engineering Manager

Midvale Telephone Company, Inc.
Application to Extend CC&N

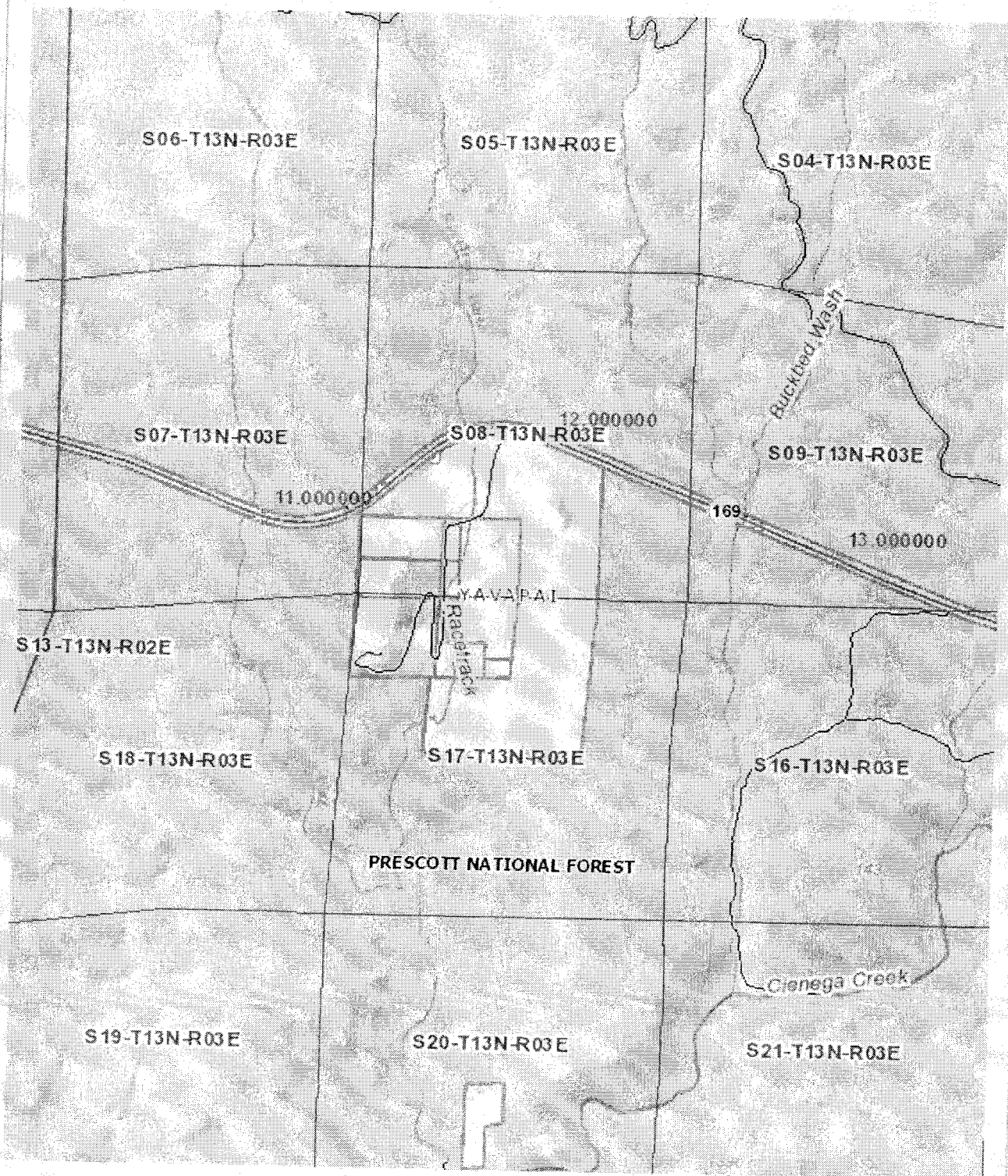
EXHIBIT 6

MAP OF PROPOSED EXTENSION AREA

Millsite Exchange (Prescott, AZ)



Sections 8 & 17

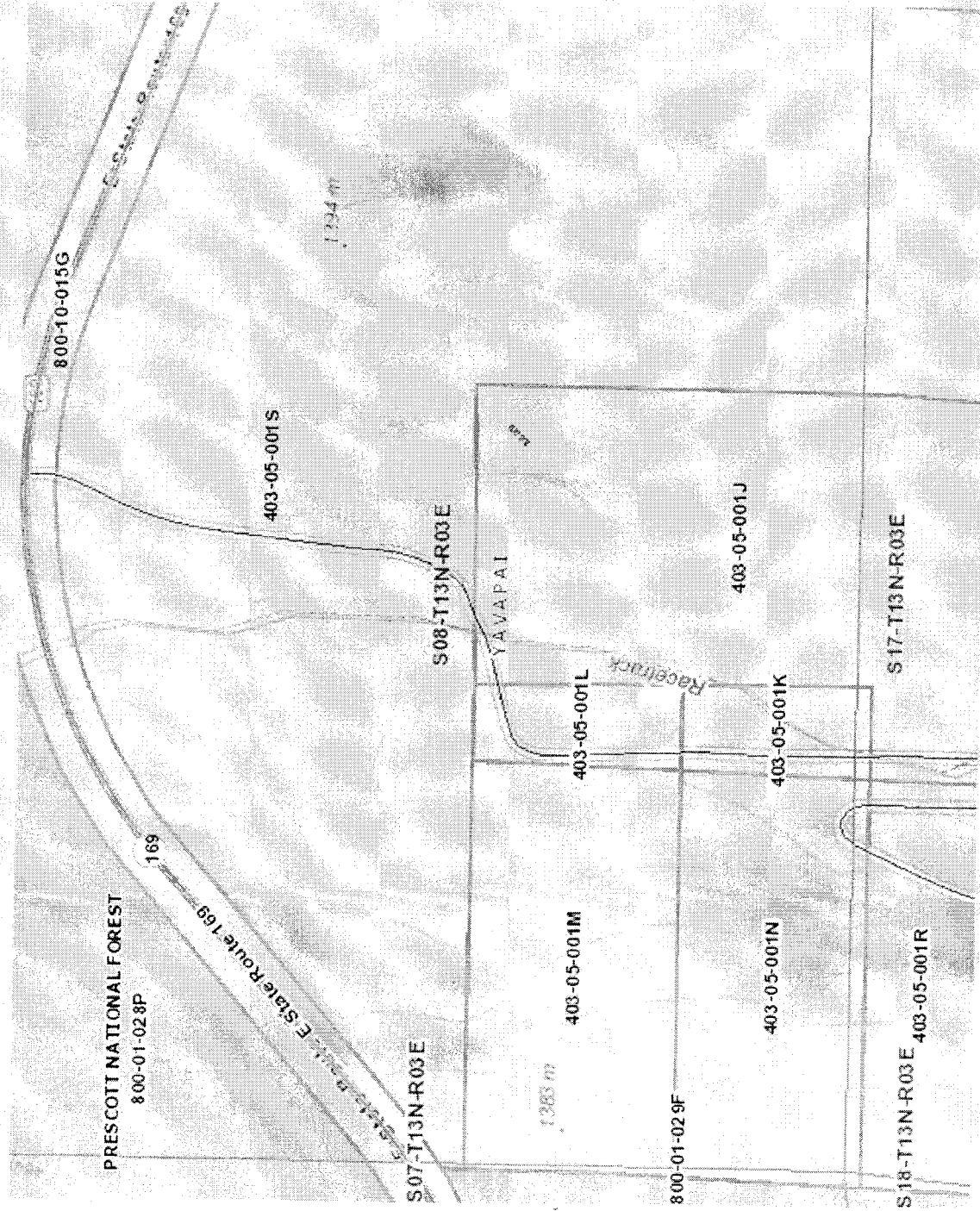
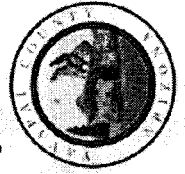


Disclaimer: Map and parcel information is believed to be accurate but accuracy is not guaranteed. No portion of the information should be considered to be, or used as, a legal document. The information is provided subject to the express condition that the user knowingly waives any and all claims for damages against Yavapai County that may arise from the use of this data.

Map printed on: 4.8.2015

Section 8

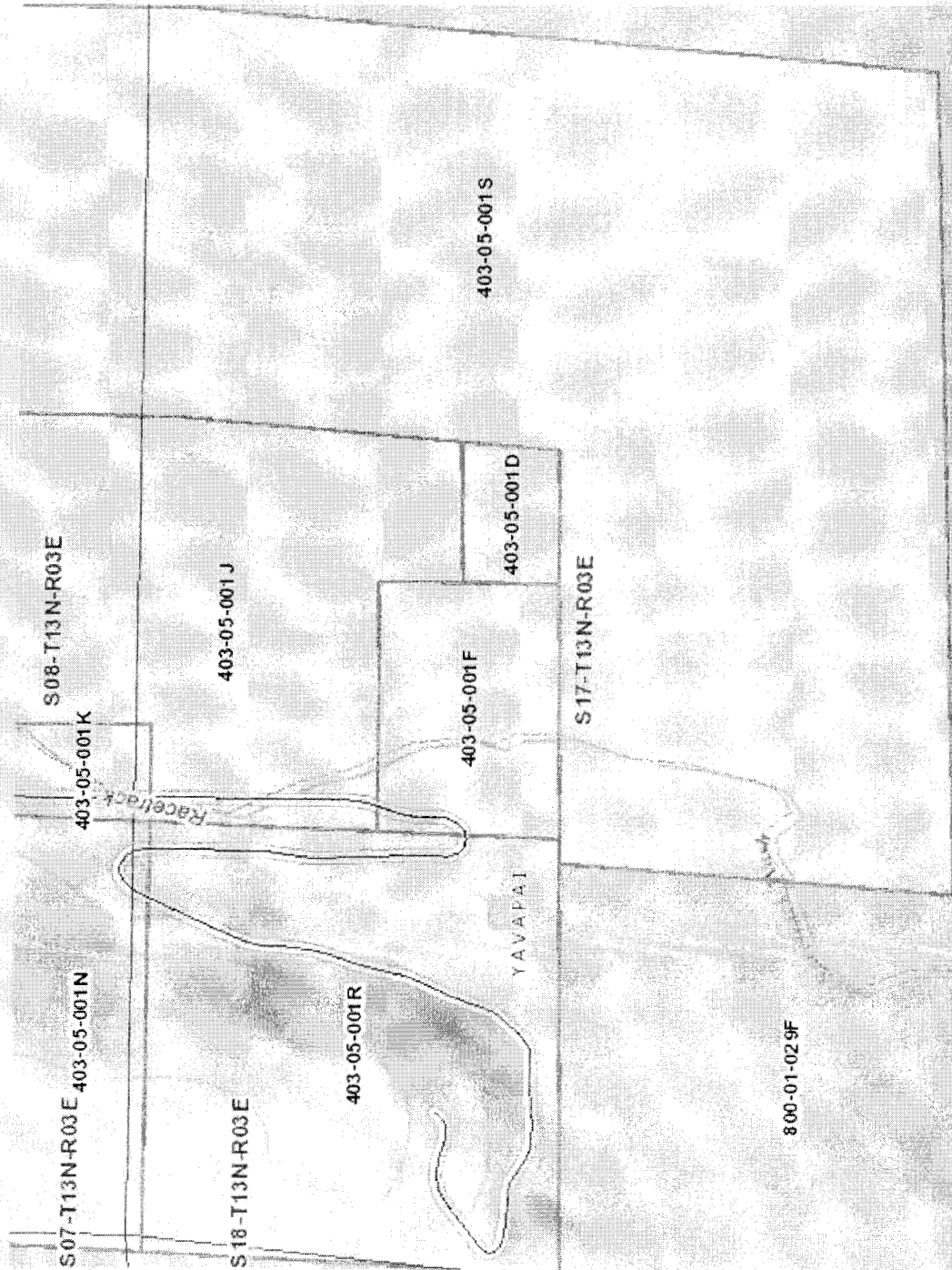
- Legend**
- City Boundaries
 - Cottonwood
 - Peoria
 - Prescott
 - Sedona
 - Camp Verde
 - Chino Valley
 - Clarkdale
 - Dewey-Humboldt
 - Jerome
 - Prescott Valley
 - Wickenburg
 - County Boundary
 - Counties
 - Lakes
 - Hydrology
 - Ephemeral Stream
 - Annual Stream
 - Public Land Use
 - AZ Game and Fish
 - AZ State Parks
 - Bur. Land. Manage.
 - Bur. of Reclamation
 - Coconino NF
 - Kaibab NF
 - NPS
 - Prescott NF
 - State of AZ
 - Tonto NF
 - Parks
 - Parcels
 - Subdivisions
 - Legend truncated...



Disclaimer: Map and parcel information is believed to be accurate but accuracy is not guaranteed. No portion of the information should be considered to be, or used as, a legal document. The information is provided subject to the express condition that the user knowingly waives any and all claims for damages against Yavapai County that may arise from the use of this data.

Map printed on 4/5/2015

Section 17



Legend

- ☐ City Boundaries
 - ☐ Cottonwood
 - ☐ Peoria
 - ☐ Prescott
 - ☐ Sedona
 - ☐ Camp Verde
 - ☐ Chino Valley
 - ☐ Clarkdale
 - ☐ Dewey-Humboldt
 - ☐ Jerome
 - ☐ Prescott Valley
 - ☐ Wickenburg
 - ☐ County Boundary
 - ☐ Counties
 - ☐ Lakes
 - ☐ Hydrology
 - ☐ Ephemeral Stream
 - ☐ Annual Stream
 - ☐ Public Land Use
 - ☐ AZ Game and Fish
 - ☐ AZ State Parks
 - ☐ Bur. Land. Manage.
 - ☐ Bur. of Reclamation
 - ☐ Coconino NF
 - ☐ Kaibab NF
 - ☐ NPS
 - ☐ Prescott NF
 - ☐ State of AZ
 - ☐ Tonto NF
 - ☐ Parks
 - ☐ Parcels
 - ☐ Subdivisions
- Legend truncated...



PRESCOTT NATIONAL FOREST

Disclaimer: Map and parcel information is believed to be accurate but accuracy is not guaranteed. No portion of the information should be considered to be, or used as, a legal document. The information is provided subject to the express condition that the user knowingly waives any and all claims for damages against Yavapai County that may arise from the use of this data.

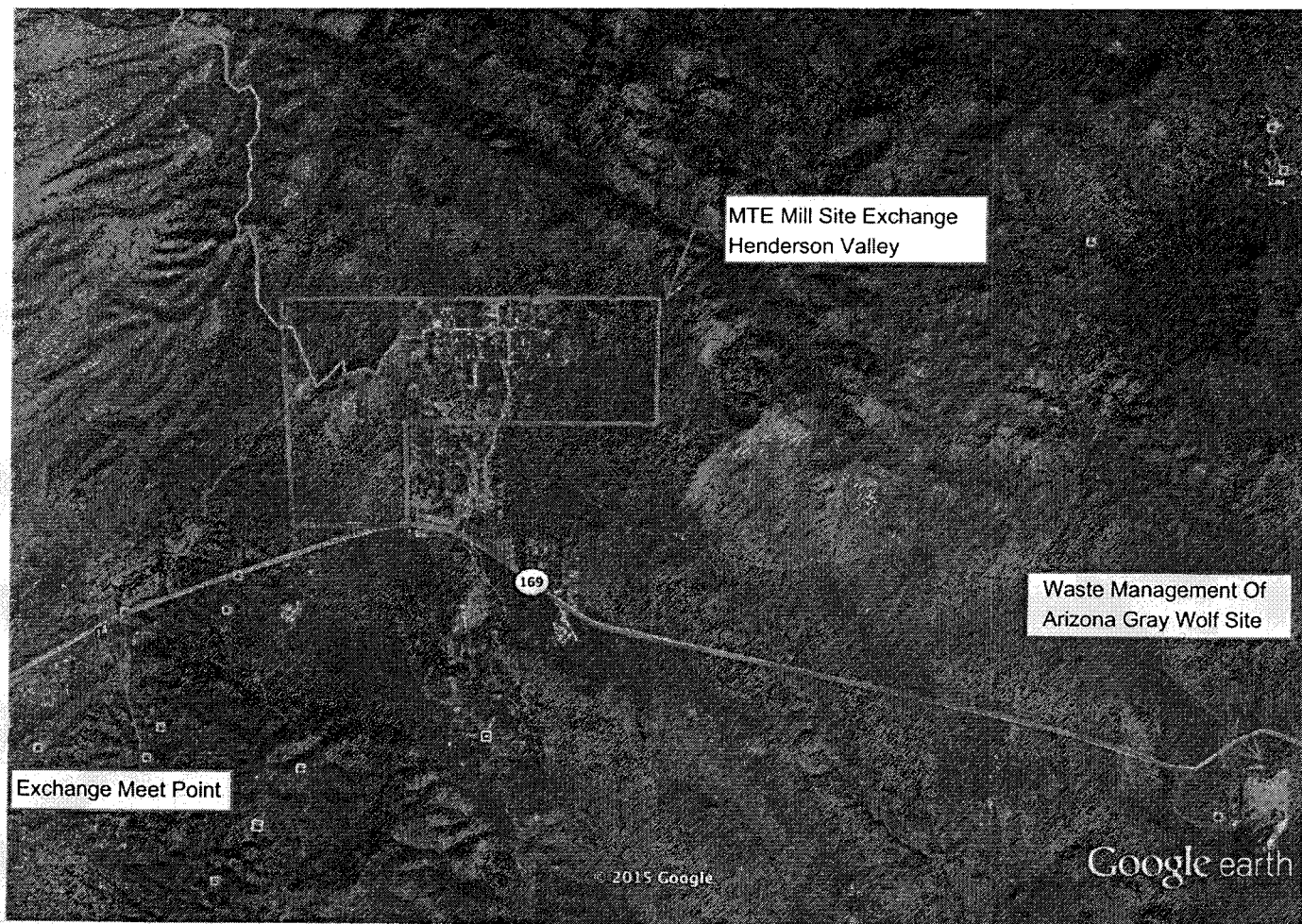
Map printed on: 4/8/2013

Parcel	Owner	Address	City	State	Zip
403-05-001J	Waste Management Of Az Inc	Po Box 1450	Chicago	IL	60690
403-05-001M	Waste Management Of Az Inc	Po Box 1450	Chicago	IL	60690
403-05-001N	Waste Management Of Az Inc	Po Box 1450	Chicago	IL	60690
403-05-001R	Waste Management Of Az Inc	Po Box 1450	Chicago	IL	60690
403-05-001F	Waste Management Of Arizona Inc	Po Box 1450	Chicago	IL	60690
403-05-001L	Waste Management Of Az Inc	Po Box 1450	Chicago	IL	60690
403-05-001K	Waste Management Of Az Inc	Po Box 1450	Chicago	IL	60690
403-05-001D	Waste Management Of Az Inc	Po Box 1450	Chicago	IL	60690
403-05-001S	Waste Management Of Arizona Inc	Po Box 1450	Chicago	IL	60690

**Midvale Telephone Company, Inc.
Application to Extend CC&N**

EXHIBIT 7

MAP OF PROPOSED FIBER OPTIC ROUTE



Google earth

miles 5
km 8



- = Proposed Joint Use With APS route to Waste Management Site
- = Existing MTE fiber

**Midvale Telephone Company, Inc.
Application to Extend CC&N**

EXHIBIT 8

MIDVALE'S ARTICLES OF INCORPORATION

FILED EFFECTIVE



ARTICLES OF INCORPORATION

(General Business)

(Instructions on back of application)

The undersigned, in order to form a Corporation under the provisions of Title 30, Chapter 1, Idaho Code, submits the following articles of incorporation to the Secretary of State.

09 AUG 27 PM 3:55

SECRETARY OF STATE
STATE OF IDAHO

Article 1: The name of the corporation shall be:

Midvale Telephone Company

Article 2: The number of shares the corporation is authorized to issue: 10,000

Article 3: The street address of the registered office is: 2205 Keithley Creek Rd, Midvale, ID 83645

and the name of the registered agent at such address is: Lane R. Williams

Article 4: The name of the incorporator is: Cynthia A. Melillo

and address of the incorporator is: 601 W. Bannock Street, Boise, Idaho 83702

Article 5: The mailing address of the corporation shall be:

Midvale Telephone Company, P.O. Box 7, Midvale, Idaho 83645

Optional Articles:

Signature of at least one incorporator:

Cynthia A. Melillo

Typed Name: Cynthia A. Melillo

Typed Name: _____

Customer Acct #:

(if using pre-paid account)

Secretary of State use only

C 184317

IDAHO SECRETARY OF STATE
08/27/2009 05:00
CK: 8277 CT: 1626 BH: 1184759
1 @ 100.00 = 100.00 CORP # 2

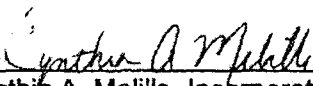
9:40:11pm corp forms/articles/prod/ps5
Revised 06/2008

MIDVALE TELEPHONE COMPANY

ASSIGNMENT OF INCORPORATOR'S INTEREST

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound hereby, has assigned, transferred and set over unto Midvale Telephone Company, an Idaho corporation (the "Corporation"), all of my right, title and interest as the Incorporator of the Corporation.

IN WITNESS WHEREOF, the undersigned has executed this Assignment of Incorporator's Interest effective as of the 27th day of August, 2012.



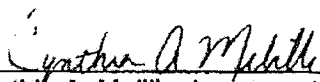
Cynthia A. Melillo, Incorporator

MIDVALE TELEPHONE COMPANY

ASSIGNMENT OF INCORPORATOR'S INTEREST

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound hereby, has assigned, transferred and set over unto Midvale Telephone Company, an Idaho corporation (the "Corporation"), all of my right, title and interest as the Incorporator of the Corporation.

IN WITNESS WHEREOF, the undersigned has executed this Assignment of Incorporator's Interest effective as of the 27th day of August, 2012.



Cynthia A. Melillo, Incorporator

**Midvale Telephone Company, Inc.
Application to Extend CC&N**

EXHIBIT 9

MIDVALE'S YAVAPAI COUNTY FRANCHISE

RECORDED ON DATE 12/7/03 TIME 3:42
IN BOOK 4342 PAGE 383
ANA WAYMAN-TRUJILLO, CLERK
Anthony J. Senell DEPUTY

BEFORE THE BOARD OF SUPERVISORS
OF
YAVAPAI COUNTY, ARIZONA

In the Matter of the Application of)

Midvale Telephone Exchange, Inc.)

) FRANCHISE

for a telephone franchise)

WHEREAS Midvale Telephone Exchange, Inc. filed its application pursuant to A.R.S. §40-283, for a franchise to construct and/or maintain and operate telephone lines for a period of fifteen (15) years, along, upon, under and across public highways, roads, alleys and thoroughfares (excepting State Highways) within that portion of Yavapai County, Arizona, described as follows:

Midvale Telephone Exchange, Incorporated

Crossroads Subdivisions and Long Meadow Subdivision

Beginning at the southwest corner of Section 35, T16N, R4W of the Gila and Salt River Base and Meridian, Yavapai County, Arizona;

Thence, North to the northwest corner of Section 26, T16N, R4W;

Thence, East to the northwest corner of Section 25, T16N, R4W;

Thence, North to the northwest corner of Section 24, T16N, R4W;

Thence, East to the northwest corner of Section 19, T16N, R3W;

Thence, North to the northwest corner of Section 6, T16N, R3W;

Thence, West to the southwest corner of Section 34, T17N, R4W;

Thence, North to the northwest corner of Section 22, T17N, R4W;

Thence, East to the northeast corner of Section 24, T17N, R3W;

Thence, South to the southeast corner of Section 24, T17N, R3W;

Thence, West to the southwest corner of Section 24, T17N, R3W;

Thence, South to the northwest corner of Section 36, T17N, R3W;

Thence, East to the northeast corner of Section 36, T17N, R3W;

Thence, South to the southeast corner of Section 36, T17N, R3W;

Thence, West to the southeast corner of Section 35, T17N, R3W;

Thence, South to the southeast corner of Section 2, T16N, R3W;

Thence, West to the southeast corner of Section 3, T16N, R3W;

Thence, South to the southeast corner of Section 10, T16N, R3W;

Thence, West to the southeast corner of Section 7, T16N, R3W;

Thence, South to the southeast corner of Section 31, T16N, R3W;
Thence, West to the beginning point being southwest corner of Section 35, T16N, R4W
of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.

Poquito Valley Subdivision and Antelope Meadows subdivision

Beginning at the southwest corner of Section 11, T15N, R1W of the Gila and Salt River
Base and Meridian, Yavapai County, Arizona;
Thence, North to the northwest corner of Section 35, T16N, R1W;
Thence, East to the northeast corner of Section 35, T16N, R1W;
Thence, South to the southeast corner of Section 11, T15N, R1W;
Thence, West to the beginning point being southwest corner of Section 11, T15N, R1W
of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.

Millsite service area described as follows

Beginning at the southwest corner, Section 1, T12N, R2W of the Gila and Salt River
Base and Meridian, Yavapai County, Arizona;
Thence, East to the southeast corner, Section 1, T12N, R2W;
Thence, North to the northeast corner, Section 1, T12N, R2W;
Thence, East to the southeast corner of Section 31, T12 ½ N, R1W;
Thence, North to 1760 feet south of the Northern boundary of Section 30, T12 ½ N,
R1W;
Thence, West to the western edge of Section 30, T12 1/2 N, R1W, still 1760 feet south
of the northern boundary;
Thence, North to the northeast corner of Section 25, T12 ½ N, R2W;
Thence, West to the northwest corner of Section 25, T12 1/2N, R2W;
Thence, South to the point of beginning at the southwest corner, Section 1, T12N, R2W
of the Gila and Salt River Meridian, Yavapai County, Arizona.

Non-contiguous Henderson Valley service area boundaries described as follows

Beginning at the southeast corner, Section 32, T14N, R2E of the Gila and Salt River
Base and Meridian, Yavapai County, Arizona;
Thence, West to the southwest corner, Section 32, T14N, R2E;
Thence, North to the northwest corner, Section 29, T14N, R2E;
Thence, East to the northeast corner, Section 27, T14N, R2E;
Thence, South to the southeast corner, Section 27, T14N, R2E;
Thence, West to the southeast corner, Section 29, T14N, R2E;
Thence, South to the point of the beginning being the southeast corner, Section 32,
T14N, R2E of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.

and that said area described in Exhibit A above is not within the limits of any
incorporated city or town, and,

WHEREAS, this is the time and place set for hearing of said application and due

and regular notice was given by publication of notice once a week for three consecutive weeks prior to this time of hearing and proof of publication has been filed herein, and

WHEREAS, all protests to granting such application have been considered, the Board of Supervisors of Yavapai County, Arizona, hereby grants to the **Midvale Telephone Exchange, Inc.** the right, privilege, license and franchise to construct, maintain and operate telephone delivery systems for a period of fifteen (15) years from the date hereof, along, upon, under and across the public highways of Yavapai County, Arizona, within the above described area of Yavapai County, which area is not within the limits of any incorporated city or town, upon the following terms and conditions:

RESTRICTIONS AND LIMITATIONS

1. All rights and privileges hereunder are granted under the express condition that the Board of Supervisors shall have the power at any time to impose such additional and further restrictions and limitations and to make such regulations on such highways, roads, thoroughfares, alleys, and public ways as may be deemed best for the public safety, welfare and convenience. No construction of improvements within a County road right-of-way shall be made without a permit from the Yavapai County Engineer first being obtained.
2. Grantor will notify Grantee if Grantor determines that any lines are located at a depth which interferes with road maintenance. Any such lines shall be buried at a sufficient depth upon receipt of notice. In the event that telephone lines must be relocated due to road construction or because of inadequate depth, the Grantee shall bear the cost of such relocation.
3. All rights and privileges hereunder shall be exercised so as to not interfere or conflict with any easements or rights-of-way heretofore granted by said Board of Supervisors and now in force.
4. All equipment and facilities constructed, installed, erected, used and maintained under this franchise shall in all respects be adequate, sufficient and substantial in design and workmanship and shall be so located, erected and maintained so as not to interfere with the free and full use and enjoyment of the public and so not to endanger life or property.
5. All rights and privileges hereunder shall be exercised so as not to interfere or conflict with any easement, either public or private, of whatsoever nature, which has been acquired in or to the proper use of said highways, roads, thoroughfares, alleys and public ways, or any portion thereof.
6. Grantee shall bear all expenses, including damages and compensation to any aggrieved third parties, incurred or expended for the alteration of the course, direction, surface, grade or alignment of any of the said highways, roads,

thoroughfares, alleys, and public ways necessarily made by or for Grantee for the purpose of exercising any right under this franchise, and said Grantee shall indemnify and hold harmless the County of Yavapai and the Board of Supervisors thereof from any and all suits, claims, damages and judgments resulting from injuries to persons or property due to the placing, location and maintenance of equipment and facilities upon, in or under the provisions hereof. Grantee shall maintain its equipment and facilities at its own cost and expense and will make all necessary repairs from time to time as the same may be needed without the necessity of notice from Yavapai County.

7. The Grantee shall be required to secure and maintain in force for the duration of the franchise general comprehensive liability insurance insuring against all damages charged to the County or the Grantee resulting from the installation, development, maintenance or expansion of the Grantee's system, as follows:

(a) Five Hundred Thousand Dollars (\$500,000) for bodily injury or death to any one person with an aggregate limit for any one occurrence of One Million Dollars (\$1,000,000) for bodily injury or death.

(b) Two Hundred Fifty Thousand Dollars (\$250,000) for property damage resulting from any one accident.

(c) Fifty Thousand Dollars (\$50,000) for all other types of liability.

Yavapai County, Arizona, shall be named on the aforesaid policy as a coinsured, or added thereon by endorsement as a named insured. A certificate of insurance as well as a copy of the policy shall be filed with the Public Works Director. The certificate shall provide that if the policy shall be cancelled by the insurance company or the Grantee during the term of the policy, ten (10) days written notice prior to the effective date of such cancellation shall be given the Public Works Director of Yavapai County, Arizona.

8. This franchise shall not be deemed to be exclusive and the Board of Supervisors hereby expressly reserves the right and power from time to time to grant similar franchises and privileges over the same territory and highways, roads, thoroughfares, alleys, and public ways.

9. Grantee certifies that all telephone operations shall be supervised by a duly authorized local operator, whose name, address, and phone number shall be kept in the records of the Public Works Director. Grantee shall notify the Public Works Director of any operator changes.

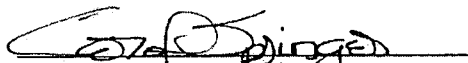
10. Grantee shall notify the Public Works Director of any assignment of this franchise, including assignee's name, address and phone number.

11. Grantee shall apply for renewal of this franchise not less than sixty (60) days

prior to its expiration. In the event required notice, public hearings and official action cannot be taken prior to expiration due to no fault of Grantee, this franchise shall continue until final action by Grantor has been taken.

12. This franchise is granted upon the express condition subsequent that a Certificate of Convenience and Necessity be procured from the Arizona Corporation Commission within six months from the date of granting of this franchise; and if such Certificate is not granted within six months from said date, then this franchise to be void, otherwise to be in full force and effect for the time herein specified.

Dated: December 5, 2005


Carol Springer, Chairman
Board of Supervisors

ATTEST:


Clerk, Board of Supervisors

ACCEPTANCE OF LICENSE

TO: The Clerk of the Board of Supervisors of Yavapai County

Pursuant to the Order of the Board of Supervisors of Yavapai County dated December 5th, 2005

MIDVALE TELEPHONE EXCHANGE, INC.

hereby accepts the license to construct and/or operate a telephone franchise within the authorized service area and under the terms specified in the license.

Dated this 5th day of December, 2005

This franchise agreement shall expire on: December 5, 2020

By R. Ellison

Its: Customer Operations Manager

STATE OF ARIZONA) Idaho ^{SS.}
COUNTY OF YAVAPAI) Washington ^{SS.}

SUBSCRIBED AND SWORN TO before me by Karen Ellison this
24th day of October, 2005.

Shirley K. Benson
Notary Public

My Commission Expires:

4/6/06

residing at Midvale



Yavapai County Development Services Department

500 S. Marina Street; Prescott, AZ. 86303
Phone: (928) 771-3214 Fax: (928) 771-3432

10 S. 6th Street; Cottonwood, AZ. 86326
Phone: (928) 639-8151 Fax: (928) 639-8153

Addressing – Building Safety – Customer Service & Permitting – Environmental – Flood Control – Land Use – Planning & Design Review

CERTIFICATE OF COMPLIANCE

In compliance with conditions set forth in the Use Permit Amendment dated September 6, 2005, this Certificate of Compliance is issued to Midvale Telephone Exchange, for the project known as:

Midvale Telephone Exchange

Based upon verification by the Yavapai County Development Services for a Result of Survey on Parcel Numbers 402-15-018R, Section 28, Township 14N, Range 2E, reflecting compliance with the requirements stated in Hearing Application #H 4201 as of this date.

This Use/Occupancy is subject to review or re-inspection and may be suspended or revoked (per Section 111.1.6. of the Yavapai County Planning & Zoning Ordinance) for failure to continue to comply with the stipulations and conditions set forth in the referenced minutes, or withdrawal of approval by other agencies stated in the application. Failure of the applicant to reinstate a Certificate of Compliance within thirty (30) days, if the above Use is suspended or revoked due to non-compliance, shall constitute an Ordinance violation.

Date 9/23/05

A handwritten signature in cursive script, appearing to read "Elise Link".

Elise Link
Planning Division Manager
Yavapai County, Arizona

ORIGINAL



0000100755

EXHIBIT

A-2

ADMITTED

BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

SUSAN BITTER SMITH - CHAIRMAN
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

RECEIVED

2015 JUN -9 P 4:20

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
MIDVALE TELEPHONE COMPANY, INC. FOR
APPROVAL OF AN EXTENSION OF ITS
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO SERVE AN ADDITIONAL
AREA IN YAVAPAI COUNTY.

DOCKET NO. T-20741A-15-0136

**RESPONSE TO PROCEDURAL
ORDER**

Midvale Telephone Company, Inc. ("Midvale") provides this response to the Procedural Order dated June 8, 2015 in this docket. The procedural order directs Midvale make a filing "clarifying the types of proposed services the Company intends to provide if the Commission grants its application in this docket." Midvale clarifies that the services proposed for the Certificate of Convenience and Necessity ("CC&N") service area in this docket are the same as Midvale offers under its existing CC&N, specifically, local exchange service and toll access service.

RESPECTFULLY SUBMITTED this 9th day of June, 2015.

SNELL & WILMER L.L.P.

By

Timothy J. Sabo
One Arizona Center
400 East Van Buren Street
Phoenix, Arizona 85004

Attorney for Midvale Telephone Company

Arizona Corporation Commission

DOCKETED

JUN 09 2015

DOCKETED BY

Btu

1 Original and thirteen copies of the foregoing
2 filed this 9th day of June, 2015, with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 Copy of the foregoing hand-delivered/mailed
8 this 9th day of June, 2015, to:

9 Sasha Paternoster
10 Administrative Law Judge
11 Hearing Division
12 Arizona Corporation Commission
13 1200 West Washington
14 Phoenix, Arizona 85007

15 Janice M. Alward, Chief Counsel
16 Legal Division
17 Arizona Corporation Commission
18 1200 West Washington Street
19 Phoenix, Arizona 85007

20 Steve Olea, Director
21 Utilities Division
22 Arizona Corporation Commission
23 1200 West Washington Street
24 Phoenix, Arizona 85007

25 By *Jaclyn Howard*

26 21819159

ORIGINAL



0000161794

EXHIBIT

A-3
ADMITTED

BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

SUSAN BITTER SMITH - CHAIRMAN
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

AZ CORPORATION
DOCKET CONTROL

2015 JUL 28 PM 4:29

IN THE MATTER OF THE APPLICATION OF
MIDVALE TELEPHONE COMPANY, INC. FOR
APPROVAL OF AN EXTENSION OF ITS
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO SERVE AN ADDITIONAL
AREA IN YAVAPAI COUNTY.

) DOCKET NO. T-20741A-15-0136

**NOTICE OF FILING
AFFIDAVIT OF PUBLICATION**

Midvale Telephone Company, Inc. files the attached Affidavit of Publication in the above referenced docket.

RESPECTFULLY SUBMITTED this 28th day of July, 2015.

SNELL & WILMER L.L.P.

By

Timothy J. Sabo
One Arizona Center
400 East Van Buren Street
Phoenix, Arizona 85004

Attorney for Midvale Telephone Company

Original and thirteen copies of the foregoing
filed this 28th day of July, 2015, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

JUL 28 2015

DOCKETED BY

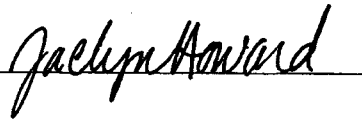
1 Copy of the foregoing hand-delivered/mailed
2 this 28th day of July, 2015, to:

3 Sasha Paternoster
4 Administrative Law Judge
5 Hearing Division
6 Arizona Corporation Commission
7 1200 West Washington
8 Phoenix, Arizona 85007

9 Janice M. Alward, Chief Counsel
10 Legal Division
11 Arizona Corporation Commission
12 1200 West Washington Street
13 Phoenix, Arizona 85007

14 Steve Olea, Director
15 Utilities Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 By



22189384

AFFIDAVIT OF PUBLICATION

STATE OF ARIZONA)
County of Yavapai) ss.

I, Teri Bryant, being first duly sworn on her oath, say:
That she is the Legals Clerk of PRESCOTT NEWSPAPERS, INC., an
Arizona corporation, which owns and publishes **THE DAILY
COURIER**, a Daily Newspaper published in the City of Prescott, County
of Yavapai that the notice attached hereto, namely,

**MIDVALE TELEPHONE COMPANY
PUBLIC NOTICE**

has, to the personal knowledge of affidavit, been published in the news
paper aforesaid, according to law, on 8 day of JUL, 2015 to 8 day of
JUL, 2015 both inclusive without change, interruption or omission,
amounting in all 1 insertions, made on the following dates:
JUL 8, 2015

By: _____

Dated this 10 Day of JUL, 2015

By: _____

Notary Public

My commission expires:

**IN THE MATTER OF THE APPLICATION
OF MIDVALE TELEPHONE COMPANY,
INC., FOR APPROVAL OF AN
EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY TO
SERVE AN ADDITIONAL AREA IN
YAVAPAI COUNTY.
DOCKET NO. T-20741A-15-0136**

On April 24, 2015, Midvale Telephone Company, Inc. ("Midvale" or "Company") filed with the Arizona Corporation Commission ("Commission") an application requesting that the Commission approve an extension of its current Certificate of Convenience and Necessity ("CC&N"), to provide local exchange and toll access telecommunication services in Yavapai County. The Commission's Utilities Division ("Staff") has not yet made a recommendation regarding the application, and the Commission is not bound by the proposals made by Midvale, Staff, or any intervenors. The Commission will issue a Decision regarding the application following consideration of testimony and evidence presented at an evidentiary hearing. Copies of the applications are available at Midvale's offices at 8800 E. Long Mesa Dr., Prescott Valley, Arizona, 86314 and at the Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona; for public inspection during regular business hours, and on the internet via the Commission's website (www.azcc.gov) using the e-Docket function.

The Commission will hold a hearing on the application on **September 1, 2015 at 10:00a.m.**, at the Commission's offices, 1200 West Washington Street, Hearing Room No. 1, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. You may also file your written comments electronically by going to the Commission's homepage at www.azcc.gov and clicking on the "Submit a Public Comment" button, or by mailing a letter referencing **Docket No. T-20741A-15-0136** to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, Arizona 85007.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you would like to intervene, you must file an original and 13 copies of a written motion to intervene with the Commission no later than **August 11, 2015**, and send a copy of the motion to Midvale or their counsel and to all parties of record. Your motion to intervene must contain the following:

1. The name, address, and telephone number and the name, address, and telephone number of any party upon whom service of documents is to be made, if not yourself;

2.A short statement of your interest in the proceeding (e.g., a customer of the Company etc.);

3.A statement certifying that you have mailed a copy of the motion to intervene to Midvale or its counsel and to all parties of record in the case; and

4.If the proposed intervenor is not represented by an attorney who is an active member of the Arizona State Bar, and is not an individual representing himself or herself, information and any appropriate documentation demonstrating the intervenor's compliance with Arizona Supreme Court Rules 31, 38, and 42, as applicable.

The granting of motions to intervene shall be governed by A.A.C R14-3-105, except that all motions to intervene must be filed on or before August 11, 2015. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/division/utilities/forms/intervene.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the applications or from filing written comments in the record of the case.

If you have any questions about these applications, you may contact Midvale at 208-355-2211. If you wish to file written comments on the applications or want further information on intervention, you may contact the Consumer Services Section of the Commission at 1200 W. Washington Street, Phoenix, AZ 85007, or call 1-800-222-7000

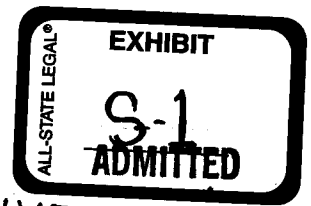
The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Shaylin Bernal, at SABernal@azcc.gov, voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

11 C PUB July 8, 2015



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MEMORANDUM



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AZ CORP COMMISSION
DOCKET CONTROL

TO: Docket Control

FROM: Thomas M. Broderick
Director
Utilities Division

for a. broderick

DATE: August 4, 2015

RE: STAFF REPORT: IN THE MATTER OF THE APPLICATION OF MIDVALE
TELEPHONE COMPANY, INC. FOR APPROVAL OF AN EXTENSION OF
THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY TO SERVE
AN ADDITIONAL AREA IN YAVAPAI COUNTY. (DOCKET NO. T-20741A-
15-0136)

Attached is the Staff Report for Midvale Telephone Company, Inc.'s Application to extend its Certificate of Convenience and Necessity to provide facilities-based local exchange telecommunications and toll access services. Staff recommends that the Application be approved.

TMB:LLM:nr\MAS

Originator: Lori Morrison

Arizona Corporation Commission

DOCKETED

AUG 04 2015

DOCKETED BY

[Signature]

ORIGINAL

Service List for: MIDVALE TELEPHONE EXCHANGE, INC.
Docket No. T-20741A-15-0136

Mr. Timothy J. Sabo
Snell & Wilmer L.L.P.
One Arizona Center
400 East Van Buren Street
Suite 1900
Phoenix, Arizona 85004

Midvale Telephone Company, Inc.
Post Office Box 7
2205 Keithley Creek Road
Midvale, Idaho 83645

Mr. Thomas M. Broderick
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Janice M. Alward
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Dwight Nodes
Acting Chief Administrative Law Judge, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

**MIDVALE TELEPHONE COMPANY, INC.
DOCKET NO. T-20741A-15-0136**

**IN THE MATTER OF THE APPLICATION OF MIDVALE TELEPHONE COMPANY,
INC. FOR APPROVAL OF AN EXTENSION OF THEIR CERTIFICATE OF
CONVENIENCE AND NECESSITY TO SERVE AN ADDITIONAL AREA IN
YAVAPAI COUNTY**

AUGUST 4, 2015

STAFF ACKNOWLEDGMENT

The Staff Report for the Application of Midvale Telephone Company, Inc. (Docket No. T-20741A-15-0136) to extend its Certificate of Convenience and Necessity ("CC&N") to serve an additional area in Yavapai County was the responsibility of the Staff member listed below.



Lori Morrison
Utilities Consultant

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I. INTRODUCTION

On April 24, 2015, Midvale Telephone Company, Inc. ("Midvale") filed an Application requesting the Arizona Corporation Commission ("Commission") approve an extension of its Certificate of Convenience and Necessity ("CC&N") service area to include an additional area in Yavapai County.

II. BACKGROUND

Midvale was granted a CC&N by the Commission in Decision No. 58048, dated October 29, 1992, to provide local exchange carrier services for its Cascabel Exchange. In Decision No. 58764, dated September 1, 1994, the Commission approved the sale and transfer of CenturyLink's Young Exchange from Qwest to Midvale. Subsequent decisions have further extended Midvale's CC&N service area to its current five exchanges: Cascabel, Young, Silver Bell, Granite Mountain and Mill Site. Midvale indicated to Staff that it was providing services to approximately 1,175 rural residential customers and 99 rural business customers as of June 30, 2015.¹

III. THE APPLICATION

A. *The Extended Territory*

Midvale's Application requests Commission authorization to provide facilities-based local exchange service and access toll service to Waste Management of Arizona ("Waste Management"), in an unserved area in Yavapai County, Arizona. Midvale proposes to provide service to Waste Management from its Mill Site Exchange. In addition to the private land owned by Waste Management, Midvale also proposes to include Forest Service land in this Application solely so that the extension area includes full sections, in keeping with Midvale's current CC&N territory (the "Extended Territory").

B. *Construction and Facilities*

In order to serve the Waste Management site, Midvale will extend a fiber optic cable provided from Midvale's existing Mill Site exchange, the approximate distance from the Mill Site facilities to Waste Management's service address is 7.2 miles.² The cable will be laid in a joint trench with a power cable from Arizona Public Service. Waste Management will incur the cost of the joint trench while Midvale will incur the cost of the fiber optic cable.

Currently, Waste Management, as the Project Owner, is soliciting bids from contractors for this joint use trench project and anticipates awarding the bid by October 7, 2015 and construction to commence by November 1, 2015. Waste Management has obtained all the required clearances from Arizona Department of Transportation and the Prescott National Forest. The contractor will place the duct and pull boxes for fiber optic cable per Midvale's specifications. Waste Management

¹ Midvale's response to Staff Data Request ("SDR") STF 1.1.

² Midvale's response to SDR STF 1.3.

expects the project to be complete in 2016. When the project is complete and all duct is placed, Midvale's crew will install the fiber optic cable in the duct, and perform all the necessary work to provision service over the fiber. Midvale estimates this work will take less than a month to complete.³

In order to provide telecommunications services to Waste Management from Midvale's Mill Site exchange switch and central office, Midvale states no additional facilities would be required and that it has sufficient switching capacity and the fiber electronics to extend service to this area.⁴ In addition, Midvale states its plant maintenance and customer service will not be impacted by this project.⁵

C. Customers

There are no current Midvale customers within the extension area. There is one prospective business customer, Waste Management. Midvale anticipates that Waste Management will be the only customer in the extension area. Thus, the projected number of customers in the extension area for each of the first five years is one.

D. Services, Rates and Charges

The Extended Territory will become a part of Midvale's Mill Site Exchange and as such, Midvale is proposing to apply the basic rates in the Mill Site Exchange to Waste Management. Midvale's tariffed rate for basic business local exchange service is \$30.00.⁶ Midvale also offers a variety of vertical services such as caller identification, call forwarding, call waiting, 3-way calling, etc. Midvale's tariff provides for discounts of 15 to 25 percent for packages of these features.

Midvale customers within its Mill Site Exchange also have the advantage of extended area service ("EAS") calling for the entirety of the Prescott local calling area. The Prescott local calling area⁷ is inclusive of CenturyLink's Chino Valley, Prescott, and Humboldt exchanges.

Midvale maintains an 800 number for all its customers for customer service related issues. This line is attended to by Midvale five days a week, eight hours a day. Midvale also provides its customers with 24/7 emergency and service outage reporting, with employees on standby to correct problems.

³ Midvale's response to SDR STF 1.5.

⁴ Midvale's response to SDR STF 1.10.

⁵ Midvale's response to SDR STF 1.11.

⁶ Midvale Telephone Company, Arizona Corporation Commission Tariff No. 2, Page 25, Section III, A.1.

⁷ Per CenturyLink's Exchange and Network Services Price Cap Tariff, Section 5.1.1, Page 3, List of Exchange Areas and Local Calling Areas.

E. Complaints and Compliance

The Corporations Division reported on July 15, 2015, that Midvale is in good standing. According to the Utilities Division, Consumer Services Section, from January 1, 2012 to July 15, 2015, one complaint in 2012 regarding Midvale was received and has been resolved and closed. The Utilities Division Compliance Section stated that Midvale is in compliance.

III. STAFF RECOMMENDATIONS

Staff recommends that the Commission find that approval of the Application to amend Midvale's CC&N is in the public interest. Staff also recommends that the Commission authorize Midvale to utilize its Millsite Exchange rates, charges, and other terms and conditions in the Extended Territory. Staff further recommends that Midvale's Extended Territory Application be approved subject to the following conditions that:

1. Midvale be required to update its service area maps on file with the Commission within sixty (60) days of a Decision granting the Application, and
2. Midvale be authorized to include the Extended Territory as part of its Mill Site Exchange and that it apply its currently authorized tariffed rates and charges for the Millsite Exchange to the Extended Territory until further Order by the Commission.

MEMORANDUM



TO: Lori Morrison
Consultant
Utilities Division

FROM: Lori H. Miller *lhm*
GIS Specialist
Utilities Division

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: May 20, 2015

RE: MIDVALE TELEPHONE EXCHANGE, INC. – APPLICATION TO EXTEND ITS
CONVENIENCE AND NECESSITY (DOCKET NO. T-20741A-~~15~~0136)

The area requested by Midvale Telephone Exchange to extend their CC&N has been plotted using the legal description contained in the application.

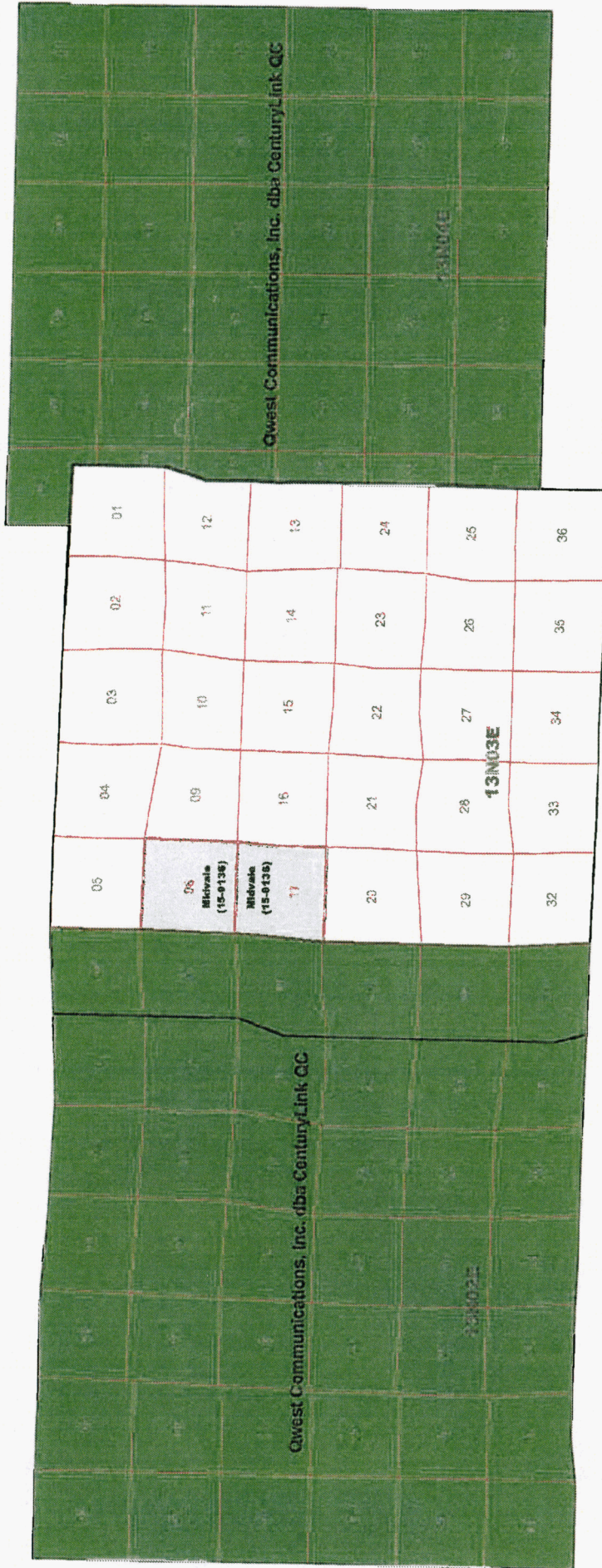
Attached is a copy of the map and the legal description for your files.

/lhm

Attachments

cc: Mr. Timothy J. Sabo
Ms. Deb Person (Hand Carried)
File

YAVAPAI COUNTY



**Midvale Telephone Company, Inc.
Application to Extend CC&N**

EXHIBIT 4

LEGAL DESCRIPTION

Sections 8 and 17, Township 13 North, Range 3 East, Gila & Salt River Base and Meridian,
Yavapai County, Arizona.